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ABSTRACT

This booklet discusses the Horton v. Meskill case in which the Hartford, Connecticut, Superior Court ruled that the state's school financing system did not comply with state constitutional provisions concerning equal protection and education. It then outlines the legislature's reaction to the ruling--the guaranteed tax base (GTB)--and discusses the way the GTB works. The GTB legislation is included in its entirety as an addendum, as are calculations for a GTB grant to a hypothetical town, estimates of the grants to be given to towns in 1976, and examples of educational resources available to towns of similar size. (Author/IRT)

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GTB:

An Aid in Understanding Connecticut's Guaranteed Tax Base Grant/ School Finance Equalization Program

EA 010 516

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THE PHENOMENON OF SCHOOL FINANCE REFORM

For over a generation, America has expressed deep concern -- in its courts, in its legislative bodies and in its classrooms -- about equal educational opportunities.

The landmark 1954 U.S. Supreme Court ruling in *Brown vs. Little Rock Board of Education* attacked the most pervasive and inimical manifestation of inequality -- the segregation of children by race. Subsequent legislation, in addressing the special needs of the handicapped, the disadvantaged, and the rights of women, broadened the impact of the Court's historic decision.

In the past generation, a second edge of that cutting sword of equality has emerged with real force. Its fundamental thrust is money: how it is to be most fairly generated in support of public education, and how it is to be distributed so that equal resources support the education of each child. This national movement to affect change in the distribution of these resources -- an American phenomenon of the 1970s -- is topically referred to as School Finance Reform.

SERRANO VS. PRIEST

Following sporadic local and regional legal tests, the issue of school finance reform first drew national attention when, in 1971, the California Supreme Court, in *Serrano vs. Priest*, struck down the California school finance system as in violation of both the state and the federal constitutions.

Said the court:

> "We are called upon to determine whether the California school financing system, with its substantial dependence on local property taxes and resultant wide disparities in school revenue, violates the equal protection clause of the 14th Amendment. We have determined that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors."

California's financial system was typical of most states. School districts with high property values could raise substantial sums at low property tax rates; poor school districts -- even at high property tax rates -- could not approach the

per-pupil expenditures of the rich districts. The court found a 10,000-to-1 disparity in revenue-raising ability among the school districts of California.

A MINIMAL FEDERAL ROLE

The California decision led to a flurry of similar actions in other states. But then, in March, 1973, the U.S. Supreme Court handed down its 5-4 decision in *San Antonio vs. Rodriguez*. The Court noted that most school finance systems are "chaotic and unjust." Yet it found that education is not a fundamental right under the U.S. Constitution, and that the equal protection provision of the 14th Amendment was not being violated.

Still, in the majority opinion by Justice Lewis F. Powell, Jr., the Court made it clear it was not supporting or sustaining the status quo in overruling the lower court in the Texas school finance reform case. Justice Powell wrote: "The need is apparent for reform in tax systems. And certainly innovative new thinking as to public education, its methods and its funding, is necessary." But he added: "The ultimate solutions must come from the lawmakers and from the democratic pressures of those who elect them."

Clearly the court's decision did not rule out possibilities for future school finance litigation, and it specifically suggested that legal action was possible on the basis of state constitutions and statutes.

Two weeks after the U.S. Supreme Court ruling, that view was supported when the New Jersey Supreme Court, in *Robinson vs. Cahill*, found that the structure of school finance in New Jersey was unconstitutional on the basis of a clause in the state constitution which called for a "thorough and efficient" system of public schools.

While the issue has thus been wrested from the federal courts, the federal government continues to provide limited dollars in support of equalization. Nationally, the total cost of public education in the 1975-76 school year was just a shade under 70 billion dollars. Nearly 52 percent of that sum was paid by local school districts. State governments contributed about 40 percent of the cost of public education, and the federal government less than eight percent. The proportions differ widely from state to state.

The greatest impact of federal dollars on equalization --

of bringing additional resources to those most in need – comes in Title I of the Elementary and Secondary Education Act of 1965, which provides categorical aid for disadvantaged school children, primarily in the inner cities. Because it is based primarily on personal income and goes to areas of substantial disadvantage, Title I has introduced a limited element of equalization. In terms of the overall costs of public education, however, and the enormous disparities which exist in the distribution of resources, the federal role has indeed been minimal.

By 1976, a total of 20 states had adopted significant education aid amendments in an effort to more equitably distribute tax dollars to their school districts. Connecticut was one of that number.

SCHOOL FINANCE REFORM IN CONNECTICUT

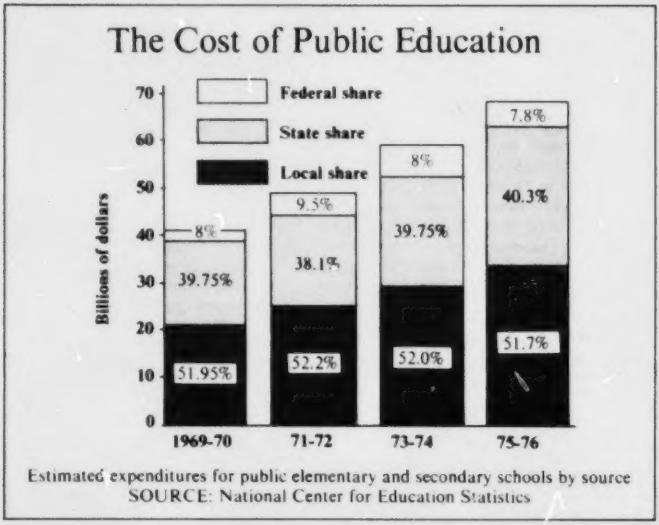
The issue was joined in Connecticut when, in 1974, the Hartford Superior Court ruled in *Horton vs. Meskill* that the state's school financing system did not comply with the Connecticut Constitution, specifically citing the Constitution's equal protection provision and an education provision.

Article Eight of the Connecticut Constitution provides that, "There shall always be free public elementary and secondary schools in the state. The General Assembly shall implement this principle by appropriate legislation."

In its decision, the court pointed out that while the state had delegated most of the responsibility for financing and operating public schools to the local school districts, "The duty to educate is that of the state; delegating the duty does not discharge it."

The court argued that the Connecticut Constitution establishes education as a fundamental interest because of the provision relating to education in Article Eight. It was the absence of such a clause in the Federal Constitution that led the U.S. Supreme Court to rule in *Rodriguez* that the Texas school finance system did not violate the 14th Amendment. Since there is such a provision in the Connecticut Constitution, the court also found that the existing school finance statutes violate the equal protection clause found in the Connecticut Constitution.

The Court was explicit about the consequences of Connecticut's present system of school finance:



Estimated expenditures for public elementary and secondary schools by source
SOURCE: National Center for Education Statistics

"There can be no doubt that in Connecticut the amount of money that is spent for the public school education of a child is determined to a large extent by the tax base in the municipality he lives in, and that there are great disparities among the 169 towns in the amount of tax base per pupil," and that these disparities produced differences in opportunity: "The disparities in educational opportunity that are inherent in the present ... legislation make that legislation not 'appropriate' legislation for discharging the state's constitutional duty and that legislation therefore violates Article Eight ..."

The State of Connecticut appealed this decision to the Connecticut Supreme Court. Final oral arguments in the case were presented to the court on December 8, 1976. The final decision is awaited.

A COMPELLING CASE

At the time of the *Horton* decision, Connecticut was one of only five states which provided aid to local school districts solely through a flat grant system. Under that system, each town receives the same amount of aid per pupil, irrespective of the local district's ability to finance education

from its local property tax revenues. In addition, of the flat grant states, Connecticut's share of total education costs was the lowest.

The disparities noted by the court were easy to find. In the 1972-73 school year, for example, the median expenditure per pupil in the state was $969. The highest expenditure per pupil was $1,570 while the lowest was $670. For the same school year, property wealth per pupil varied from $17,441 in Sterling to $156,564 in Greenwich. The median for the state was $42,746 per pupil. Thus, it was clear to the court in 1974 that the amount of money spent on a child's education depended on where that child happened to live. That situation continues to persist in the state.

THE LEGISLATURE ACTS

Fully aware of the mounting pressures for school finance reform in Connecticut, the General Assembly in 1973 -- prior to the *Horton* ruling -- appointed a Commission to Study School Financing and Equal Educational Opportunity. The Commission's exhaustive, one-and-a-half-year study, submitted to Governor Ella T. Grasso on January 15, 1975, recommended, among other things, that the Assembly enact a Guaranteed Tax Base program as a mechanism for equalizing school financing in all of the state's local and regional school districts. The Legislature responded by adopting a modification of the Commission's proposal during the 1975 session.

THE GTB: HOW IT WORKS

The Guaranteed Tax Base (GTB) Legislation is published in its entirety as an addenda to this paper. Its key features are:

1) First, the law designated the town at the 85th percentile (25th from the top of 169 towns, in terms of its ability to pay for education from local resources) as the "standard" for equalization. The goal is to provide all towns below the 85th percentile with the *same ability* to pay for school services as the town at the 85th percentile enjoys, if they are willing to make the same taxing effort in support of the schools.

2) To accomplish that goal, the state provides a financial guarantee: given the same school tax rate, the state will guarantee that each town below the 85th percentile can gen-

erate the same amount of money per pupil as does the town at the 85th percentile.

3) The law specifies that the total amount of money a local school district will have to spend for education is determined by the school tax rate it decides to levy, i.e. --

- If a town's tax base is below the guaranteed tax base -- the state makes up the difference in revenue between what the town can actually raise from its own tax base, and what it would raise with the same tax rate if it had the tax base of the 85th percentile town.
- If a town is at or above the 85th percentile, it receives no GTB funds. Local revenues continue to be raised on the current tax base.

4) All school districts continue to receive the state's flat grant for general aid to education ($250 per pupil in 1976-77). Other state aid programs are unaffected by GTB.

5) The GTB does not interfere with local control of the schools, does not take money from one town and give it to another, and does not set limits on the amount of school expenditures or tax rates.

6) Under the bill, towns are able to use the GTB grant for

- increasing school expenditures
- reducing local property taxes
- some combination of these two

The total cost of the GTB program to the state is dependent on which of the above options towns take, and the disparity in property values among the state's towns.

RANKING TOWNS FOR GTB

Calculation of the GTB grant begins with all towns being ranked on their "ability to pay" for school services from local sources. "Ability to pay" is defined as a combination of a town's property wealth and income level. The "ability to pay" of the town at the 85th percentile represents the tax base which is guaranteed by the state. The formula for ranking towns for GTB assistance is the product of three factors: a) the difference between the ability to pay of the town at the 85th percentile and that of the town being ranked; b) the town's school tax rate; and c) the town population.

In the law's present form, the GTB grant to a town will increase if the town increases its school tax rate or if its population increases. It will decrease if the net grand list increases or if its family median income increases relative to the state median. The use of per capita property values (in place of per pupil property values) and the income factor serve to aid Connecticut's cities. The income factor also aids rural areas in the eastern part of the state.

THE CAPPING FEATURE

The GTB has not begun to provide significant equalizing aid to poorer communities because of initial modest funding and a capping feature in the legislation. The capping feature in 1975-76 limited each town's GTB grant to a maximum of 5 per cent of the amount it received under the flat grant system. The cap has been increased to 7.3 per cent for the 1976-77 fiscal year. The net effect of this limitation is that in the bill's first year (1975-76), 144 towns received supplementail flat grants of $12.50 per pupil (5 per cent of ADM grant). In 1976-77, 143 towns will receive supplemental flat grants of $18.25 per pupil (7.3 per cent of ADM grant).

FUNDING THE GTB

To provide state funding for the new Guaranteed Tax Base program, the General Assembly created an "Instant Lottery," with sales scheduled twice annually. In its first year, the new lottery provided $6.8 million for distribution to towns below the 85th percentile. In 1976-77, the lottery will generate $10 million for this purpose. The lottery anticipates a net profit of $24 million during 1976-77, of which $14 million will go to the state's General Fund.

A SOUND COMPROMISE

As it evaluated the inequities in Connecticut's financing of public education, the Commission to Study School Finance and Equal Educational Opportunity examined many different school aid programs, including the Foundation Plan, Percentage Equalizing and Full State Funding. It recommended the GTB, the authors of its final report said, principally because it leaves intact Connecticut's tradition of local control of local schools; and it does not in the slightest discourage wealthier school districts from spending more than the tax base figure in support of their local

schools if they so desire. Education Commissioner Mark R Shedd, who served with the study commission, concluded that the GTB, as finally enacted by the General Assembly, is fundamentally sound because it does provide a mechanism for getting more money to the towns most in need.

IMPROVEMENTS ARE SOUGHT, HOWEVER

But Commissioner Shedd is among the first to acknowledge that GTB in its present form could be strengthened significantly in a number of ways. Some of the problem areas:

1) The Connecticut State Board of Education is proposing that the 1977 session of the General Assembly remove the limiting cap on the GTB, with proportional distribution of GTB grants based on the formula, in conformance with the bill's intent.

2) Supporters of the GTB as a vitally important device for equalizing aid to local and regional school districts will encourage the Legislature to fund the GTB from the state's General Fund, rather than from the unpredictable revenues generated by a lottery.

3) To bring property poor towns nearer the 85th percentile town in terms of the money they have available to support public education, the State Board has asked that GTB be funded with $60 million in 1977-78.

4) The number of towns receiving equalization grants each year is limited to those ranking below the 85th percentile in equalized grand list per capita. The "equalized" net grand list used in making grants during fiscal 1976 was determined by dividing each town's 1974 net grand list by its declared assessment ratio, and multiplying the result by a specified growth factor, compounded for each year since the town's last revaluation. This annual growth factor, specified in the legislation, is a uniform 3.5 per cent for all towns in Tolland, New London and Windham counties; 5 per cent for towns in Hartford, Litchfield, Middlesex and New Haven counties; and 8 per cent for towns in Fairfield county. In subsequent years, each town's "equalized" net grand list will be based on assessment-sales surveys conducted by the State Tax Department.

Some question the validity of the growth factors embodied in the legislation, and others point out the varying as-

sessment practices in the towns which makes uniformity difficult to achieve. A State Board of Property Assessment is suggested as a necessary improvement to the present system.

5) Old census data. There is a need for annual income and population data. Currently it will be necessary to compute GTB grants using 1970 census data until about 1982, when the 1980 census data becomes available.

6) Concern is also expressed for how GTB monies are being used in the recipient towns. At least four alternative methods of using GTB monies seem prevalent:

- An estimated GTB grant is built into budgeted revenues from the state, and this grant serves to increase the total education budget request.
- An estimated GTB grant is built into budgeted revenues from the state, and serves to decrease or maintain the level of local taxes required.
- The GTB grant is not built into the budget, and is given by the town fiscal authority to the board of education as a supplement to the appropriated budget.
- The GTB grant is not built into the budget, and is given by the town fiscal authority to the board of education as part of the appropriated budget and in place of other local revenues.

The Connecticut State Department of Education, the Connecticut Association of Boards of Education and the Connecticut Association for the Advancement of School Administration are surveying local and regional school districts in the state to determine more accurately the disposition of GTB funds. The results of that survey may lead to recommendations for further improvement of the GTB legislation.

AFTER *HORTON*

Connecticut's Guaranteed Tax Base Program, although modestly funded, has been created as a mechanism for addressing the pressing need for school finance reform in this state. It is difficult to predict how, or even if, it will relate to the State Supreme Court's disposition of the *Horton vs. Meskill* case. But by its existence, it acknow-

ledges the relationship of financial resources to the fundamental question of educational equity. Indeed, the Superior Court in *Horton* stated:

> "The court is not unmindful of the testimony that there is no conclusive evidence that there is a correlation between education input (expenditures per pupil) and education output ("better educated" pupils). On the other hand, the evidence in this case is highly persuasive that, all other variables being constant, there is a high correlation between education input and education opportunity (the range and quality of educational services offered to pupils). In other words, disparities in expenditure per pupil tend to result in disparities in education opportunity."

Because Connecticut's GTB program acknowledges and addresses those disparities in educational opportunity, it can be expected to influence funding equalization in this state with ever-increasing impact in the years to come, quite apart from the final resolution of the *Horton* court test. Providing equal resources for the education of all children in the state's public school system is recognized by the State Board of Education as the vitally important first step in bringing true equity and equal educational opportunities to each and every student.

PUBLIC ACT NO. 75-341

AN ACT ESTABLISHING A GUARANTEED TAX BASE PROGRAM TO FINANCE PUBLIC ELEMENTARY AND SECONDARY EDUCATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 10-261 of the general statutes is repealed and the following is substituted in lieu thereof:

Whenever used in sections 10-262 and 10-263 AND THIS ACT: "Public schools" means nursery schools, kindergartens and grades one to twelve, inclusive; "average daily membership" means the number obtained by adding the number of all pupils of the town or school district enrolled in public schools at the expense of such town or school district on October first and May first, or the full school days immediately preceding such dates, during the school year next prior to that in which the payment is to be made and dividing by two, provided the number so obtained shall be reduced by one-one hundred eightieth for each full school day by which the town or school district fails to maintain a school year of one hundred eighty days per pupil, and be increased (1) by one-one hundred eightieth for each full school day by which the school year exceeds one hundred eighty days per pupil, and (2) by the aggregate days of membership of all pupils of the town attending school at the expense of the town between July first and September first divided by one hundred eighty, except that if a school district has implemented scheduling of school sessions year-round, the state board of education may adjust the number so that no loss or gain in state aid occurs because of the type of scheduling used; "enrolled" shall include pupils who are scheduled for vacation on the above dates and who are expected to return to school as scheduled; "net current expenses" means the current expenses of the public schools, less the expenses for pupil transportation and the amount of tuition received on account of nonresident pupils for the school year next prior to that in which the payment is to be made, except that the town of Woodstock may include as part of the current expenses of its public schools for each school year the amount expended for current expenses in that year by Woodstock Academy from income from its endowment funds upon receipt from said academy of a certified statement of such current expenses, and except that the town of Winchester may include as part of the current expenses of its public schools for each school year the amount expended for current expenses in that year by The Gilbert School from income from its endowment funds upon receipt from said school of a certified statement of such current expenses; "ADJUSTED EQUALIZED NET GRAND LIST PER CAPITA" MEANS THE EQUALIZED NET GRAND LIST PER CAPITA OF A TOWN MULTIPLIED BY THE RATIO OF THE MEDIAN FAMILY INCOME OF THE TOWN TO THE MEDIAN FAMILY INCOME OF THE STATE; "EQUALIZED NET GRAND LIST" MEANS, EXCEPT AS PROVIDED IN SECTION 3 OF THIS ACT, THE NET GRAND LIST OF THE TOWN DIVIDED BY THE ACTUAL ASSESSMENT-

SALES RATIO IN THE TOWN AS DETERMINED FROM ANNUAL ASSESSMENT-SALES SURVEYS CONDUCTED BY THE STATE TAX DEPARTMENT; "TOTAL POPULATION" OF A TOWN MEANS THAT ENUMERATED IN THE MOST RECENT FEDERAL DECENNIAL CENSUS OF POPULATION OR THAT ENUMERATED IN THE MOST RECENT OFFICIAL STATE CENSUS CONDUCTED AFTER JULY 1, 1975; "MEDIAN FAMILY INCOME" FOR EACH TOWN MEANS THAT ENUMERATED IN THE MOST RECENT FEDERAL DECENNIAL CENSUS OF POPULATION; "SCHOOL TAX RATE" MEANS THAT PORTION OF THE EQUALIZED MILL RATE OF A TOWN CHOSEN TO FINANCE THAT PORTION OF CURRENT OPERATING EXPENDITURES SUPPORTED BY LOCAL TAXES; "THAT PORTION OF CURRENT OPERATING EXPENDITURES SUPPORTED BY LOCAL TAXES" MEANS AN AMOUNT EQUAL TO THE TOTAL EDUCATIONAL EXPENDITURES OF A TOWN MINUS (A) AN AMOUNT EQUAL TO ALL EDUCATIONAL EXPENDITURES FOR TRANSPORTATION, DEBT SERVICE, CONSTRUCTION OR ACQUISITION OF FACILITIES, ADULT EDUCATION, HEALTH AND WELFARE SERVICES FOR NONPUBLIC SCHOOL CHILDREN, (B) ALL TUITION RECEIVED ON ACCOUNT OF ALL NONRESIDENT PUPILS, (C) ALL FEDERAL AID FOR EDUCATION AND (D) ALL STATE AID FOR EDUCATION, INCLUDING, BUT NOT LIMITED TO, STATE PAYMENTS FOR VOCATIONAL-AGRICULTURAL TUITION, SPECIAL EDUCATION AID, AID FOR EDUCATIONALLY DEPRIVED CHILDREN, AID FOR EDUCATION OF PUPILS RESIDING IN STATE PROPERTY, DRIVER EDUCATION AID; AID FOR INDUSTRIAL ARTS, LIBRARY BOOKS, OCCUPATIONAL TRAINING PROGRAMS, HEALTH EDUCATION PROGRAMS, SCHOOL LUNCH PROGRAMS; GRANTS IN LIEU OF SUPERVISORY SERVICES AND ALL STATE PAYMENTS RECEIVED PURSUANT TO SECTION 10-262 AND SECTION 2 OF THIS ACT.

Sec. 2. (NEW) (a) Each town maintaining schools according to law whose adjusted equalized net grand list per capita falls at or below the eighty-fifth percentile among all towns in the state, as determined by ranking in ascending order all towns in the state according to their adjusted equalized net grand lists per capita, shall be paid a grant, except as provided in subsection (b) or (c) of this section, in an amount equal to the product of (1) the school tax rate times (2) the difference between the adjusted equalized net grand list per capita for the town at the eighty-fifth percentile and the adjusted equalized net grand list per capita for the town, times (3) the population of the town.

(b) Application for aid under the provisions of this section shall be made annually, before August first, by the secretary of the state board of education to the comptroller. The amount due each town pursuant to the provisions of subsection (a) of this section shall be paid by the comptroller, upon certification of the secretary of the state board of education, to the treasurer of each town entitled to such aid in installments as follows: One-half in January and one-half in June; provided the total grant made in any year pursuant to this section to any town

shall in no event exceed five per cent of the total grant per pupil in average daily membership received by such town pursuant to section 10-262 of the general statutes.

(c) All grants made in any year pursuant to this section shall be charged to and paid from the general fund, from funds specifically designated to be used for educational equalization grants to towns pursuant to the provisions of subsection (c) of section 1 of substitute house bill 8541 of the current session. In the event that in any payment period there are insufficient funds in the general fund specifically designated to be used for such grants, each town entitled to such grant shall, in such payment period, be paid an amount equal to its proportionate share of the total amount of such designated funds as are available.

Sec. 3. (NEW) For the purposes of section 2 of this act, the "equalized net grand list" of a town for the fiscal year ending June 30, 1976 shall be the 1974 grand list of such town divided by the stated assessment ratio of such town and adjusted for the date of last revaluation. To adjust for the date of last revaluation, the net grand list shall be increased by an annual average per cent increase, equal to that experienced by the county in which such town is located, compounded for as many years as the difference between 1974 and the year of the last town revaluation. The average annual rate of property value increase shall be three and one-half per cent per year for all towns located in Tolland, New London and Windham counties, five per cent per year for all towns located in Hartford, Litchfield, Middlesex and New Haven counties and eight per cent per year for all towns located in Fairfield county.

Sec. 4. (NEW) All aid distributed to a town pursuant to the provisions of section 2 of this act shall be expended upon the authorization of the town or regional board of education for school purposes only.

Sec. 5. This act shall take effect July 1, 1975.

PUBLIC ACT NO. 75-344

AN ACT CONCERNING INSTANT LOTTERY GAMES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-568 of the general statutes is repealed and the following is substituted in lieu thereof:

(a) The commission shall determine the number of times a lottery shall be held in each year, the form and price of the tickets therefor and shall award prizes to winning participants, determined (by drawings made by persons) IN A MANNER designated by the commission. The proceeds of the sale of tickets, OTHER THAN INSTANT LOTTERY GAME TICKETS, shall be deposited in a lottery fund from which prizes shall be paid, upon vouchers signed by the chairman of the commission, or by either of two persons designated and authorized by the commission, in such numbers and amounts as the commission determines.

(b) THE COMMISSION SHALL CONDUCT SPECIAL INSTANT LOTTERY GAMES, THE PROCEEDS OF THE SALE OF INSTANT LOTTERY GAME TICKETS SHALL BE DEPOSITED IN AN INSTANT LOTTERY GAME FUND FROM WHICH PRIZES SHALL BE PAID IN THE MANNER SPECIFIED IN SUBSECTION (a) OF THIS SECTION.

(c) IN DECEMBER AND MAY OF EACH YEAR THE COMMISSION SHALL ESTIMATE AND CERTIFY TO THE COMPTROLLER THAT PORTION OF THE BALANCE IN THE INSTANT LOTTERY GAME FUND WHICH EXCEEDS THE NEEDS OF THE COMMISSION FOR THE PAYMENT OF INSTANT LOTTERY GAME PRIZES AND FOR THE PAYMENT OF ALL DIRECT EXPENSES INCURRED PURSUANT TO CONDUCTING THE INSTANT LOTTERY GAMES. SUCH PORTION SHALL BE TRANSFERRED TO THE GENERAL FUND OF THE STATE OF CONNECTICUT TO BE USED SOLELY FOR EDUCATIONAL EQUALIZATION GRANTS TO TOWNS IN ACCORDANCE WITH THE PROVISIONS OF SUBSTITUTE HOUSE BILL 6310 OF THE CURRENT SESSION.

Sec. 2. This act shall take effect from its passage.

PUBLIC ACT NO. 76-387

AN ACT CONCERNING A GUARANTEED TAX BASE PROGRAM TO FINANCE PUBLIC ELEMENTARY AND SECONDARY EDUCATION AND A DAILY LOTTERY GAME.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 2 of public act 75-341 is repealed and the following is substituted in lieu thereof:

(a) Each town maintaining schools according to law whose adjusted equalized net grand list per capita falls at or below the eighty-fifth percentile among all towns in the state, as determined by ranking in ascending order all towns in the state according to their adjusted equalized net grand lists per capita, shall be paid a grant, except as provided in subsection (b) or (c) of this section, in an amount equal to the product of (1) the school tax rate times (2) the difference between the adjusted equalized net grand list per capita for the town at the eighty-fifth percentile and the adjusted equalized net grand list per capita for the town, times (3) the population of the town.

(b) Application for aid under the provisions of this section shall be made annually, before August first, by the secretary of the state board of education to the comptroller. The amount due each town pursuant to the provisions of subsection (a) of this section shall be paid by the comptroller, upon certification of the secretary of the state board of education, to the treasurer of each town entitled to such aid in instalments as follows: One-half in January and one-half in June; provided the total grant made in any year pursuant to this section to any town shall in no event exceed (five) SEVEN AND THREE-TENTHS per cent of the total grant per pupil in average daily membership received by such town pursuant to

section 10-262 of the general statutes.

(c) All grants made in any year pursuant to this section shall be charged to and paid from the general fund, from funds specifically designated to be used for educational equalization grants to towns pursuant to the provisions of subsection (c) of section (1 of substitute house bill 8541 of the current session) **12-568** OF THE GENERAL STATUTES, AS AMENDED BY SECTION 4 OF THIS ACT. In the event that in any payment period there are insufficient funds in the general fund specifically designated to be used for such grants, each town entitled to such grant shall, in such payment period, be paid an amount equal to its proportionate share of the total amount of such designated funds as are available.

Sec. 2. Section 3 of public act 75-341 is repealed and the following is substituted in lieu thereof:

For the purposes of section 2 OF PUBLIC ACT 75-341, AS AMENDED BY SECTION **1** of this act, the "equalized net grand list" of a town for the fiscal (year) YEARS ending (June 30,) IN 1976, **1977** AND **1978**, shall be IN EACH OF SAID YEARS RESPECTIVELY, the 1974, **1975** and **1976** grand list of such town divided by the stated assessment ratio of such town and adjusted for the date of last revaluation. To adjust for the date of last revaluation, the net grand list shall be increased by an annual average per cent increase, equal to that experienced by the county in which such town is located, compounded for as many years as the difference between 1974, **1975** OR 1976, WHICHEVER IS APPLICABLE, and the year of the last town revaluation. The average annual rate of property value increase shall be three and one-half per cent per year for all towns located in Tolland, New London and Windham counties, five per cent per year for all towns located in Hartford, Litchfield, Middlesex and New Haven counties and eight per cent per year for all towns located in Fairfield county.

Sec. 3. Section 4 of public act 75-341 is repealed and the following is substituted in lieu thereof:

All aid distributed to a town pursuant to the provisions of section 2 of (this act) PUBLIC ACT 75-341 AS AMENDED BY SECTION 1 OF THIS ACT shall be expended FOR SCHOOL PURPOSES ONLY AND SHALL BE EXPENDED upon the authorization of the (town) LOCAL or regional board of education (for school purposes only).

Sec. 4. Section 12-568 of the general statutes, as amended by public act 75-344, section 1 of public act 75-2 of the December Special Session and section 19 of public act 76-114, is repealed and the following is substituted in lieu thereof:

(a) The commission shall determine the number of times a lottery shall be held in each year, the form and price of the tickets therefor and shall award prizes to winning participants, determined in a manner designated by the commission. The proceeds of the sale of tickets, other than instant lottery game OR DAILY LOTTERY GAME tickets, shall be deposited in a lottery fund from which prizes shall be paid, upon vouchers signed by the chairman

of the commission, or by either of two persons designated and authorized by the commission, in such numbers and amounts as the commission determines.

(b) The commission shall conduct special instant lottery games. The proceeds of the sale of instant lottery game tickets shall be deposited in an instant lottery game fund from which prizes shall be paid in the manner specified in subsection (a) of this section.

(c) In December and May of each year the commission shall estimate and certify to the comptroller that portion of the balance in the instant lottery game fund which exceeds the needs of the commission for the payment of instant lottery game prizes and for the payment of all direct expenses incurred pursuant to conducting the instant lottery games. Such portion as determined in each of said months shall be transferred to the general fund of the state of Connecticut to be used to the extent necessary to pay educational equalization grants to towns as calculated for such year in accordance with the provisions of public act 75-341, and the balance shall become revenue of the general fund.

(d) THE COMMISSION SHALL CONDUCT DAILY LOTTERY GAMES. THE PROCEEDS OF THE SALE OF DAILY LOTTERY GAME TICKETS SHALL BE DEPOSITED IN A DAILY LOTTERY GAME FUND FROM WHICH PRIZES SHALL BE PAID IN THE MANNER SPECIFIED IN SUBSECTION (a) OF THIS SECTION.

(e) IN DECEMBER AND MAY OF EACH YEAR THE COMMISSION SHALL ESTIMATE AND CERTIFY TO THE COMPTROLLER THAT PORTION OF THE BALANCE IN THE DAILY LOTTERY GAME FUND WHICH EXCEEDS THE NEEDS OF THE COMMISSION FOR THE PAYMENT OF DAILY LOTTERY GAME PRIZES AND FOR THE PAYMENT OF ALL DIRECT EXPENSES INCURRED PURSUANT TO CONDUCTING THE DAILY LOTTERY GAMES. SUCH PORTION SHALL BE TRANSFERRED TO THE GENERAL FUND AND ONE MILLION DOLLARS OF SUCH PORTION SHALL BE ALLOCATED TO THE DEPARTMENT OF SOCIAL SERVICES FOR AN EMERGENCY FOOD RELIEF PROGRAM FOR PERSONS ELIGIBLE TO RECEIVE BENEFITS FOR THE AID FOR DEPENDENT CHILDREN PROGRAM, SUCH FUNDS TO BE EXPENDED BY THE COMMISSIONER OF SOCIAL SERVICES IN ACCORDANCE WITH REGULATIONS PROMULGATED BY SAID COMMISSIONER.

Sec. 5. This act shall take effect July 1, 1976, except that section 4 of this act shall take effect from its passage.

CALCULATION OF THE GTB GRANT TO TOWN X

$$\text{GTB Grant} = [(\text{AENGLC}_{85}) - (\text{AENGLC}_x)]\ (\text{STR}_x)\ (\text{POP}_x)$$

$$\text{AENGLC} = \text{Adjusted Equalized Net Grand List Per Capita} = \left(\frac{(\frac{\text{NGL}}{\text{AR}})\ (1.0i)\ \ (1975\text{-}y)}{\text{POP}}\right)\left(\frac{\text{TMFI}}{\text{SMFI}}\right)$$

(often referred to as a town's "ability to pay" for education)

Equalized = dividing the NGL by the Assessment Ratio, to bring all towns up to 100% valuation and
= updating the ENGL from its last year of revaluation to 1975, by using a county increment for an annual property value appreciation

Per Capita = dividing the ENGL by the population

Adjusted = multiplying the ENGLC by the ratio of the town median family income to the state median family income

85 = the town at the 85th percentile on the AENGLC, or the 25th wealthiest town in the state

NGL = Net Grant List

AR = Assessment Ratio

i = County Increment (Fairfield – 8%; Hartford, Litchfield, Middlesex, and New Haven – 5%; New London, Tolland, Windham – 3.5%)

y = Last Year of Revaluation

TMFI = Town Median Family Income

SMFI = State Median Family Income

Procedure:
1. Rank in ascending order all towns on the AENGLC.

STR = School Tax Rate = dividing the Net Current Local Educational Expenditure (NCLEE) of the town by its ENGL

NCLEE = total educational expenditures minus all expenses for transportation, debt service, and capital equipment, and all state and federal aid

POP = Population of the town

2. Identify the AENGLC of the town at the 85th percentile (25th, out of 169, from the top), as the state guaranteed tax base.
3. Multiply (a) the difference between the AENGLC of the town at the 85th percentile and the AENGLC of the town, by (b) the town's school tax rate, by (c) the town's population.

** The above three steps yield a total grant to each town.

A 4th step is needed for (a) capping the maximum amount of the per pupil grant

or

(b) pro-rating the allocation

4. (a) CAPPING – a cap is calculated as a % of the $250 per pupil flat grant.

ex. 1976-77 CAP of 7.3% yielded a grant of $18.25 per pupil for 143 towns in the state.
(total cost = $10.1 million)

4. (b) PRO-RATING – each town is assigned an index which represents its proportionate share of any allocation. The sum of these indices is 100%. The amount allocated by the State Legislature is then multiplied by each town's index, to yield a total payment to each town.

CONNECTICUT STATE DEPARTMENT OF EDUCATION
GUARANTEED TAX BASE PROGRAM
(PRELIMINARY ESTIMATE 7-26-76)

Town GTB Rank	Town Name	Students	GTB Per Student	Total Payment
155	Andover	541	18.25	9,873.25
139	Ansonia	3,508	18.25	64,021.00
96	Ashford	579	18.25	10,566.75
14	Avon	2,290	0.00	0.00
36	Barkhamsted	650	18.25	11,862.50
87	Beacon Falls	973	18.25	17,757.25
38	Berlin	3,247	18.25	59,257.75
68	Bethany	1,145	18.25	20,896.25
45	Bethel	3,533	18.25	64,477.25
82	Bethlehem	513	18.25	9,362.25
40	Bloomfield	4,080	18.25	74,460.00
145	Bolton	930	18.25	16,972.50
133	Bozrah	554	18.25	10,110.50
50	Branford	4,586	18.25	83,694.50
160	Bridgeport	24,260	18.25	442,745.00
97	Bridgewater	332	18.25	6,059.00
121	Bristol	11,618	18.25	212,028.50
16	Brookfield	3,119	0.00	0.00
151	Brooklyn	1,243	18.25	22,684.75
86	Burlington	1,260	18.25	22,995.00
51	Canaan	204	18.25	3,723.00
132	Canterbury	799	18.25	14,581.75
94	Canton	1,807	18.25	32,977.75
168	Chaplin	418	18.25	7,628.50
59	Cheshire	5,181	18.25	94,553.25
100	Chester	673	18.25	12,282.25
74	Clinton	2,856	18.25	52,122.00
149	Colchester	1,899	18.25	34,656.75
114	Colebrook	231	18.25	4,215.75
91	Columbia	837	18.25	15,275.25
18	Cornwall	234	0.00	0.00
158	Coventry	2,242	18.25	40,916.50
55	Cromwell	1,867	18.25	34,072.75
80	Danbury	11,192	18.25	204,254.00
4	Darien	5,022	0.00	0.00
83	Deep River	893	18.25	16,297.25
103	Derby	2,337	18.25	42,650.25
123	Durham	1,462	18.25	26,681.50
148	Eastford	241	18.25	4,398.25
66	East Granby	1,118	18.25	20,403.50
60	East Haddam	1,139	18.25	20,786.75
102	East Hampton	2,102	18.25	38,361.50

Town GTB Rank		Students	GTB Per Student	Total Payment
111	East Hartford	11,157	18.25	203,615.25
159	East Haven	5,613	18.25	102,437.25
67	East Lyme	3,674	18.25	67,050.50
8	Easton	1,402	0.00	0.00
112	East Windsor	1,984	18.25	36,208.00
110	Ellington	2,441	18.25	44,548.25
125	Enfield	12,518	18.25	223,453.50
57	Essex	899	18.25	16,406.75
27	Fairfield	11,395	18.25	207,958.75
26	Farmington	3,313	3.16	10,469.08
71	Franklin	379	18.25	6,916.75
49	Glastonbury	5,927	18.25	108,167.75
35	Goshen	327	18.25	5,967.75
88	Granby	1,833	18.25	33,452.25
2	Greenwich	10,823	0.00	0.00
146	Griswold	1,703	18.25	31,079.75
153	Groton	8,516	18.25	155,417.00
33	Guilford	4,016	18.25	73,292.00
15	Haddam	1,421	0.00	0.00
89	Hamden	9,167	18.25	167,297.75
156	Hampton	279	18.25	5,091.75
98	Hartford	28,703	18.25	523,829.75
70	Hartland	367	18.25	6,697.75
107	Harwinton	1,251	18.25	22,830.75
72	Hebron	1,404	18.25	25,623.00
73	Kent	423	18.25	7,719.75
118	Killingly	3,057	18.25	55,790.25
42	Killingworth	759	18.25	13,851.75
101	Lebanon	1,286	18.25	23,469.50
144	Ledyard	4,015	18.25	73,273.75
143	Lisbon	713	18.25	13,012.25
84	Litchfield	1,768	18.25	32,266.00
31	Lyme	289	18.25	5,274.25
20	Madison	3,341	0.00	0.00
108	Manchester	9,860	18.25	179,945.00
169	Mansfield	2,350	18.25	42,887.50
48	Marlborough	1,020	18.25	18,615.00
120	Meriden	11,159	18.25	203,651.75
19	Middlebury	1,212	0.00	0.00
130	Middlefield	954	18.25	17,410.50
90	Middletown	6,166	18.25	112,529.50
69	Milford	11,489	18.25	209,674.25
47	Monroe	3,933	18.25	71,777.25
93	Montville	4,420	18.25	80,665.00
122	Morris	446	18.25	8,139.50
76	Naugatuck	5,435	18.25	99,188.75

Town GTB Rank		Students	GTB Per Student	Total Payment
164	New Britain	11,729	18.25	214,054.25
1	New Canaan	4,425	0.00	0.00
24	New Fairfield	2,418	0.00	0.00
116	New Hartford	1,190	18.25	21,717.50
141	New Haven	21,293	18.25	388,597.25
81	Newington	6,362	18.25	116,106.50
166	New London	4,500	18.25	82,125.00
43	New Milford	4,072	18.25	74,314.00
39	Newtown	4,562	18.25	83,256.50
113	Norfolk	478	18.25	8,723.50
95	North Branford	3,231	18.25	58,965.75
85	North Canaan	636	18.25	11,607.00
30	North Haven	5,555	18.25	101,378.75
131	North Stonington	1,133	18.25	20,677.25
61	Norwalk	16,088	18.25	293,606.00
165	Norwich	7,960	18.25	145,270.00
22	Old Lyme	1,395	0.00	0.00
23	Old Saybrook	2,195	0.00	0.00
13	Orange	3,552	0.00	0.00
46	Oxford	1,478	18.25	26,973.50
150	Plainfield	2,838	18.25	51,793.50
126	Plainville	3,731	18.25	68,090.75
129	Plymouth	2,494	18.25	45,515.50
142	Pomfret	573	18.25	10,457.25
124	Portland	1,989	18.25	36,299.25
147	Preston	1,030	18.25	18,797.50
117	Prospect	1,570	18.25	28,652.50
136	Putnam	1,431	18.25	26,115.75
11	Redding	1,794	0.00	0.00
7	Ridgefield	6,036	0.00	0.00
52	Rocky Hill	2,158	18.25	39,383.50
37	Roxbury	266	18.25	4,854.50
65	Salem	445	18.25	8,121.25
29	Salisbury	586	18.25	10,694.50
167	Scotland	258	18.25	4,708.50
106	Seymour	2,930	18.25	53,472.50
92	Sharon	441	18.25	8,048.25
53	Shelton	6,917	18.25	126,235.25
10	Sherman	427	0.00	0.00
32	Simsbury	5,767	18.25	105,247.75
79	Somers	1,783	18.25	32,539.75
17	Southbury	1,616	0.00	0.00
78	Southington	8,514	18.25	155,380.50
41	South Windsor	5,061	18.25	92,363.25
138	Sprague	588	18.25	10,731.00
140	Stafford	2,032	18.25	37,084.00

Town GTB Rank		Students	GTB Per Student	Total Payment
25	Stamford	19,740	0.00	0.00
162	Sterling	462	18.25	8,431.50
75	Stonington	3,452	18.25	62,999.00
64	Stratford	9,423	18.25	171,969.75
58	Suffield	2,172	18.25	39,639.00
104	Thomaston	1,440	18.25	26,280.00
161	Thompson	1,502	18.25	27,411.50
99	Tolland	2,818	18.25	51,428.50
134	Torrington	5,380	18.25	98,185.00
28	Trumbull	8,331	18.25	152,040.75
109	Union	107	18.25	1,952.75
135	Vernon	6,997	18.25	127,695.25
152	Voluntown	382	18.25	6,971.50
105	Wallingford	8,446	18.25	154,139.50
34	Warren	219	18.25	3,996.75
62	Washington	655	18.25	11,953.75
163	Waterbury	17,315	18.25	315,998.75
12	Waterford	4,419	0.00	0.00
127	Watertown	4,459	18.25	81,376.75
21	Westbrook	1,070	0.00	0.00
77	West Hartford	10,963	18.25	200,074.75
137	West Haven	9,352	18.25	170,674.00
3	Weston	2,404	0.00	0.00
5	Westport	6,741	0.00	0.00
63	Wethersfield	5,656	18.25	103,222.00
154	Willington	876	18.25	15,987.00
6	Wilton	4,378	0.00	0.00
115	Winchester	2,285	18.25	41,701.25
157	Windham	3,840	18.25	70,080.00
44	Windsor	5,540	18.25	101,105.00
56	Windsor Locks	3,794	18.25	69,240.50
128	Wolcott	4,059	18.25	74,076.75
9	Woodbridge	1,915	0.00	0.00
54	Woodbury	1,463	18.25	26,699.75
119	Woodstock	1,084	18.25	19,783.00
	TOTALS	648,988		$10,089,688.58

1976-77 Grant Distribution
$10 Million
Capped at 7.3% of $250
or $18.25 per pupil

143 Towns – receive the maximum
1 Town – receives less
25 Towns – receive no grant

Payment made
by State Comptroller
to Town Treasurer

½ on Jan. 1, 1977
½ on June 1, 1977

AN EXAMPLE OF EDUCATIONAL RESOURCES AVAILABLE IN TOWNS OF SIMILAR SIZE

	Darien	Windham
Population (1970)	20,411	19,626
Students (1974-75)	5,022	3,840
Net Grant List (Oct. 1, 1975)	$241,750,868	$82,076,850
Last Year of Revaluation	1966	1966
Assessment Ratio	.70	.60
Median Family Income (1970)	$22,172	$10,288
State Median Family Income	$11,811	
Adjusted Equalized Net Grand List Per Capita ("Ability to Pay")	$63,495	$8,275
Adjusted Equalized School Tax Rate	10.28 Mills	13.67 Mills
Current Operating Expenditures Per Pupil (1974-75)		
Local Revenues	$1,413	$664
State Aid	337	308
Federal Aid	21	82
Total	$1,771	$1,054
1975-76 GTB Grant	-0-	$12.50
Per pupil ($6.8 million – capped distribution – 5% of $250)		
1976-77 GTB Grant	-0-	$18.25
Per pupil ($10.1 million – capped distribution – 7.3% of $250)		
1977-78 GTB Grant	-0-	$188.00
Per pupil ($60 million – pro-rated distribution*)		

The Town of Windham with a school tax rate 33% greater than the Town of Darien, produces less than 50% the local educational revenues of Darien.

* State Board of Education Proposal for the next fiscal year